

Include the fee(s) for valuations or appraisals to determine the cost, quality, or value of an item such as real property, personal property (gemstones, coins, etc.), and for valuations of closely held securities for which there is no ready market. Do not include amounts paid to plan employees to perform bookkeeping/accounting functions which should be included in 2i(4).

**Line 2i(2).** Enter the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to a contract administrator for performing administrative services for the plan. For purposes of the return/report, a contract administrator is any individual, partnership or corporation, responsible for managing the clerical operations (e.g., handling membership rosters, claims payments, maintaining books and records) of the plan on a contractual basis. Do not include salaried staff or employees of the plan or banks or insurance carriers.

**Line 2i(3).** Enter the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to an individual, partnership or corporation (or other person) for advice to the plan relating to its investment portfolio. These may include fees paid to manage the plan's investments, fees for specific advice on a particular investment, and fees for the evaluation of the plan's investment performance.

**Line 2i(4).** Other expenses are those that cannot be included in 2i(1) through 2i(3). These may include plan expenditures such as salaries and other compensation and allowances (e.g., payment of premiums to provide health insurance benefits to plan employees), expenses for office supplies and equipment, cars, telephone, postage, rent, expenses associated with the ownership of a building used in the operation of the plan, all miscellaneous expenses and trustees' fees and reimbursement of expenses associated with trustees such as lost time, seminars, travel, meetings, etc.

**Line 2i.** Include in these reconciliation figures the value of all transfers of assets or liabilities into or out of the plan resulting from, among other things, mergers and consolidations. A transfer of assets or liabilities occurs when there is a reduction of assets or liabilities with respect to one plan and the receipt of these assets or the assumption of these liabilities by another plan. A transfer is not a shifting of one plan's assets or liabilities from one investment to another. A transfer is not a distribution of all or part of an individual participant's account balance that is reportable on Form 1099-R (see the instructions for line 2e). Transfers out at the end of the year should be reported as occurring during the plan year.

**Note:** If this Schedule H is filed for a DFE, report the value of all asset transfers to the DFE, including those resulting from contributions to participating plans on line 2i(1), and report the total value of all assets transferred out of the DFE, including assets withdrawn for disbursement as benefit payments by participating plans, on line 2i(2). Contributions and benefit payments are considered to be made to/by the plan (not to/by a DFE).

### Part III - ACCOUNTANT'S OPINION

**Line 3.** The administrator of an employee benefit plan who files a Schedule H (Form 5500) generally must engage an independent qualified public accountant pursuant to ERISA 103(a)(3)(A) and 29 CFR 2520.103-1(b). This requirement also applies to a Form 5500 filed for a 103-12 IE and for a GIA (see 29 CFR 2520.103-12 and 29 CFR 2520.103-2). The accountant's report must be attached to the Form 5500 when a Schedule H (Form 5500) is attached unless line 3b(1) or 3b(2) on the Schedule H is checked.

29 CFR 2520.103-1(b) requires that any separate financial statements prepared in order for the independent qualified public accountant to form the opinion and notes to these financial statements must be attached to the Form 5500. Any separate statements must include the information required to be disclosed in Parts I and II of the Schedule H; however, they may be aggregated into categories in a manner other than that used on the Schedule H. The separate statements should be either typewritten or printed and consist of reproductions of Parts I and

II or statements incorporating by references Parts I and II. See ERISA section 103(a)(3)(A), and the DOL regulations 29 CFR 2520.103-1(a)(2) and (b), 2520.103-2, and 2520.104-50.

If the required accountant's report is not attached to the Form 5500, the filing is subject to rejection as incomplete and penalties may be assessed.



**Plans that are NOT unfunded include those plans that received employee (or former employee) contributions during the plan year and/or used a trust or separately maintained fund (including a Code section 501(c)(9) trust) to hold plan assets or act as a conduit for the transfer of plan assets during the plan year. See page 6 of the Form 5500 instructions under Lines and Schedules To Complete.**

**Lines 3a(1) through 3a(4).** These boxes identify the type of opinion offered by the accountant. Enter the name and EIN of the accountant (or accounting firm) in the space provided on line 3d.

**Line 3a(1).** Check if an unqualified opinion was issued. Generally, an unqualified opinion is issued when the independent qualified public accountant concludes that the plan's financial statements present fairly, in all material respects, the financial status of the plan as of the end of the period audited and the changes in its financial status for the period under audit in conformity with generally accepted accounting principles.

**Line 3a(2).** Check if a qualified opinion was issued. Generally a qualified opinion is issued by an independent qualified public accountant when the plan's financial statements present fairly, in all material respects, the financial status of the plan as of the end of the audit period and the changes in its financial status for the period under audit in conformity with generally accepted accounting principles, except for the effects of one or more matters that are described in the opinion.

**Line 3a(3).** Check if a disclaimer of opinion was issued. A disclaimer of opinion is issued when the independent qualified public accountant does not express an opinion on the financial statements because he or she has not performed an audit sufficient in scope to enable him or her to form an opinion on the financial statements.

**Line 3a(4).** Check if the plan received an adverse accountant's opinion. Generally an adverse opinion is issued by an independent qualified public accountant when the plan's financial statements do not present fairly, in all material respects, the financial status of the plan as of the end of the audit period and the changes in its financial status for the period under audit in conformity with generally accepted accounting principles.

**Line 3b(1).** Check this box only if the Schedule H is being filed for a CCT, PSA, or MTIA.

**Line 3b(2).** Check this box if the plan has elected to defer attaching the accountant's opinion for the first of 2 consecutive plan years, one of which is a short plan year of 7 months or less. The Form 5500 for the first of the 2 years must be complete and accurate, with all attachments except for the accountant's report; and the Form 5500 for the second year must include: (a) financial schedules and statements for both plan years; (b) a report of an independent qualified public accountant with respect to the financial schedules and statements for each of the 2 plan years (regardless of the number of participants covered at the beginning of each plan year); and (c) a statement identifying any material differences between the unaudited financial information submitted with the first Form 5500 and the audited financial information submitted with the second Form 5500. See 29 CFR 2520.104-50.

**Note:** Do not check the box on line 3a(2) if the Form 5500 is filed for a 103-12 IE or a GIA. A deferral of the accountant's opinion is not permitted for a 103-12 IE or a GIA. If an E or G is entered on Form 5500, Part I, line A(4), an accountant's opinion must be attached to the Form 5500 and the type of opinion must be reported on Schedule H line 3a.

**Line 3c.** Check this box only if the scope of the plan's audit was limited pursuant to DOL regulations 29 CFR 2520.103-8 and 2520.103-12(d) because the examination and report of an independent qualified accountant did not extend to: (a) information prepared and certified to by a bank or similar

institution or by an insurance carrier which is regulated and supervised and subject to periodic examination by a state or Federal agency, or (b) information included with the Form 5500 filed for a 103-12 IE. See 29 CFR 2520.103-8 and 2520.103-12(d).

**Note:** *These regulations do not exempt the plan administrator from engaging an accountant or from attaching the accountant's report to the Form 5500.*

#### Part IV - TRANSACTIONS DURING PLAN YEAR

Plans with assets held in a CCT, PSA, MTIA, or 103-12 IE should complete Part IV and report their investment in these entities, but not the investments made by these entities. Plans with all of their funds held in a master trust should check "No" on Schedule H, lines 4b, c, i, and j. CCTs and PSAs filing as DFEs are not required to complete Part IV, or any schedules required by Part IV.

**Line 4a.** Amounts paid by a participant or beneficiary to an employer and/or withheld by an employer for contribution to the plan are participant contributions that become plan assets as of the earliest date on which such contributions can reasonably be segregated from the employer's general assets (see 29 CFR 2510.3-102). An employer holding these assets after that date commingled with its general assets will have engaged in a prohibited use of plan assets (see ERISA section 406). If such a nonexempt prohibited transaction occurred with respect to a disqualified person (see Code section 4975(e)(2)), file Form 5330 with the IRS to pay any applicable excise tax on the transaction. If no participant contributions were received or withheld by the employer during the plan year, answer "No."

**Line 4b.** Plans that check "Yes" must enter the amount and complete Part I of Schedule G. The due date, payment amount and conditions for determining default in the case of a note or loan are usually contained in the documents establishing the note or loan. A loan by the plan is in default when the borrower is unable to pay the obligation upon maturity. Obligations that require periodic repayment can default at any time. Generally loans and fixed income obligations are considered uncollectible when payment has not been made and there is little probability that payment will be made. A fixed income obligation has a fixed maturity date at a specified interest rate. Do not include participant loans made under an individual account plan with investment experience segregated for each account that were made in accordance with 29 CFR 2550.408b-1 and secured solely by a portion of the participant's vested accrued benefit.

**Line 4c.** Plans that check "Yes" must enter the amount and complete Part II of Schedule G. A lease is an agreement conveying the right to use property, plant or equipment for a stated period. A lease is in default when the required payment(s) has not been made. An uncollectible lease is one where the required payments have not been made and for which there is little probability that payment will be made.

**Line 4d.** Plans that check "Yes" must enter the amount and complete Part III of Schedule G. Check "Yes" if any nonexempt transaction with a party-in-interest occurred regardless of whether the transaction is disclosed in the accountant's report, unless the transaction is: (1) statutorily exempt under Part 4 of Title I of ERISA; (2) administratively exempt under ERISA section 408(a) or exempt under Code sections 4975(c) and 4975(d); (3) a transaction of a 103-12 IE with parties other than the plan; or (4) the holding of participant contributions in the employer's general assets for a welfare plan that meets the conditions of ERISA Technical Release 92-01.

**Note:** *See the instructions for Part III of the Schedule G (Form 5500) concerning non-exempt transactions and party-in-interest.*

You may indicate that an application for an administrative exemption is pending. If you are unsure as to whether a transaction is exempt or not, you should consult with either the plan's independent qualified public accountant or legal counsel or both.

**Line 4e.** Plans that check "Yes" must enter the aggregate amount of coverage for all claims. Check "Yes" only if the plan itself (as opposed to the plan sponsor or administrator) is a named insured under a fidelity bond covering plan officials and if the plan is protected as described in 29 CFR 2580.412-18.

Generally, every plan official of an employee benefit plan who "handles" funds or other property of such plan must be bonded. Generally, a person shall be deemed to be "handling" funds or other property of a plan, so as to require bonding, whenever his or her other duties or activities with respect to given funds are such that there is a risk that such funds could be lost in the event of fraud or dishonesty on the part of such person, acting either alone or in collusion with others. Section 412 of ERISA and DOL regulations 29 CFR 2580 provide the bonding requirements, including the definition of "handling" (29 CFR 2580.412-6), the permissible forms of bonds (29 CFR 2580.412-10), the amount of the bond (29 CFR 2580, subpart C), and certain exemptions such as the exemption for unfunded plans, certain banks and insurance companies (ERISA section 412), and the exemption allowing plan officials to purchase bonds from surety companies authorized by the Secretary of the Treasury as acceptable reinsurers on Federal bonds (29 CFR 2580.412-23).

**Note:** *Plans are permitted under certain conditions to purchase fiduciary liability insurance. These policies do not protect the plan from dishonest acts and are not bonds which should be reported in line 4e.*

**Line 4f.** Check "Yes," if the plan had suffered or discovered any loss as a result of any dishonest or fraudulent act(s) even if the loss was reimbursed by the plan's fidelity bond or from any other source. If "Yes" is checked enter the full amount of the loss. If the full amount of the loss has not yet been determined, provide and disclose that the figure is an estimate, such as "\$1000."

**Note:** *Willful failure to report is a criminal offense. See ERISA section 501.*

**Lines 4g and 4h.** *Current value* means fair market value where available. Otherwise, it means the fair value as determined in good faith under the terms of the plan by a trustee or a named fiduciary, assuming an orderly liquidation at time of the determination. See ERISA section 3(26).

An accurate assessment of fair market value is essential to a pension plan's ability to comply with the requirements set forth in the Code (e.g., the exclusive benefit rule of Code section 401(a)(2), the limitations on benefits and contributions under Code section 415, and the minimum funding requirements under Code section 412) and must be determined annually.

Examples of assets that may not have a readily determinable value on an established market (e.g., NYSE, AMEX, over the counter, etc.) include real estate, nonpublicly traded securities, shares in a limited partnership, and collectibles. Do not check "Yes" on line 4g if the plan is a defined contribution plan and the only assets the plan holds, that do not have a readily determinable value on an established market, are: (1) participant loans not in default, or (2) assets over which the participant exercises control within the meaning of section 404(c) of ERISA.

Although the current value of plan assets must be determined each year, there is no requirement that the assets (other than certain nonpublicly traded employer securities held in ESOPs) be valued every year by independent third-party appraisers.

Enter in the amount column the fair market value of the assets referred to on line 4g whose value was not readily determinable on an established market and which were not valued by an independent third-party appraiser in the plan year. Generally, as it relates to these questions, an appraisal by an independent third party is an evaluation of the value of an asset prepared by an individual or firm who knows how to judge the value of such assets and does not have an ongoing relationship with the plan or plan fiduciaries except for preparing the appraisals.

**Line 4i.** Check "Yes" if the plan had any assets held for investment purposes, and attach a schedule of assets held for investment purposes at end of year, a schedule of assets held for investment purposes that were both acquired and disposed of within the plan year, or both, as applicable. The schedules must use the format set forth below or a similar format and the same size paper as the Form 5500. See 29 CFR 2520.103-11.

Assets held for investment purposes shall include:

- Any investment asset held by the plan on the last day of the plan year; and

The following schedule must be clearly labeled "Schedule of Assets Held for Investment Purposes At End of Year."

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value

• Any investment asset purchased during the plan year and sold before the end of the plan year except:

1. Debt obligations of the U.S. or any U.S. agency.
2. Interests issued by a company registered under the Investment Company Act of 1940 (e.g., a mutual fund).
3. Bank certificates of deposit with a maturity of one year or less.
4. Commercial paper with a maturity of 9 months or less if it is valued in the highest rating category by at least two nationally recognized statistical rating services and is issued by a company required to file reports with the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934.
5. Participations in a bank common or collective trust.
6. Participations in an insurance company pooled separate account.
7. Securities purchased from a broker-dealer registered under the Securities Exchange Act of 1934 and either: (1) listed on a national securities exchange and registered under section 6 of the Securities Exchange Act of 1934, or (2) quoted on NASDAQ.

Assets held for investment purposes shall not include any investment that was not held by the plan on the last day of the plan year if that investment is reported in the annual report for that plan year in any of the following:

1. The schedule of loans or fixed income obligations in default required by Schedule G, Part I;
2. The schedule of leases in default or classified as uncollectible required by Schedule G, Part II;
3. The schedule of non-exempt transactions required by Schedule G, Part III; and
4. The schedule of reportable transactions required by Schedule H, line 4j.

The first schedule required to be attached to the Form 5500 is a schedule of all assets held for investment purposes at the end of the plan year, aggregated and identified by issue, maturity date, rate of interest, collateral, par or maturity value, cost and current value, and, in the case of a loan, the payment schedule. The schedule must use the format shown above (or similar format) and the same size paper as the Form 5500. The schedule must be clearly labeled "Schedule of Assets Held for Investment Purposes At End of Year."

**Note:** In column (a), place an asterisk (\*) on the line of each identified person known to be a party-in-interest to the plan. In column (c), include any restriction on transferability of corporate securities. (Include lending of securities permitted under Prohibited Transactions Exemption 81-6.)

**Special rule for the following two schedules of assets for certain participant-directed transactions.** Column (d) cost information may be omitted when reporting transactions of an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account (including a negative election authorized under the terms of the plan).

The second schedule required to be attached to the Form 5500 is a schedule of investment assets that were both acquired and disposed of within the plan year. This schedule must be clearly labeled "Schedule of Investment Assets Both Acquired and Disposed of Within the Plan Year."

**Note:** Participant loans under an individual account plan with investment experience segregated for each account, that are made in accordance with 29 CFR 2550.408b-1 and that are secured solely by a portion of the participant's vested accrued benefit, may be aggregated for reporting purposes in item 4i. Under identity of borrower enter "Participant loans," under rate of interest enter the lowest rate and the highest rate charged during the plan year (e.g., 8%-10%), under the cost and proceeds columns enter zero, and under current value enter the total amount of these loans.

**Line 4j.** Check "Yes" and attach to the Form 5500 the following schedule if the plan had any reportable transactions (see 29 CFR 2520.103-6 and the examples provided in the regulation). The schedule must use the format set forth below or a similar format and the same size paper as the Form 5500. See 29 CFR 2520.103-11.

A reportable transaction includes:

1. A single transaction within the plan year in excess of 5% of the current value of the plan assets;
2. Any series of transactions with or in conjunction with the same person, involving other property other than securities, which amount in the aggregate within the plan year (regardless of the category of asset and the gain or loss on any transaction) to more than 5% of the current value of plan assets;
3. Any transaction within the plan year involving securities of the same issue if within the plan year any series of transactions with respect to such securities amount in the aggregate to more than 5% of the current value of the plan assets; and
4. Any transaction within the plan year with respect to securities with, or in conjunction with, a person if any prior or subsequent single transaction within the plan year with such person, with respect to securities, exceeds 5% of the current value of plan assets.

The 5% figure is determined by comparing the current value of the transaction at the transaction date with the current value of the plan assets at the beginning of the plan year.

If the assets of two or more plans are maintained in one trust, the plan's allocable portion of the transactions of the trust shall be combined with the other transactions of the plan, if any, to determine which transactions (or series of transactions) are reportable (5%) transactions.

This does not apply to investments in common/collective trusts, pooled separate accounts, master trust investment accounts, 103-12 IEs and registered investment companies, whose current value was reported in lines 1c(9) through 1c(13). Instead, for investments in these entities, determine the 5% figure by the comparing the transaction date value of the acquisition and/or disposition of units of participation or shares in the entity with the current value of the plan assets at the beginning of the plan year. If the Schedule H is attached to a

The following schedule must be clearly labeled "Schedule of Investment Assets Both Acquired and Disposed of Within the Plan Year."

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(c) Costs of acquisitions	(d) Proceeds of dispositions

The schedule must be clearly labeled "Schedule of Reportable Transactions."

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)

Form 5500 filed for a plan with all plan funds held in a master trust, check "No" on line 4j. Plans with assets in a master trust which have other transactions should determine the 5% figure by subtracting the current value of plan assets held in the master trust from the current value of all plan assets at the beginning of the plan year and check "Yes" or "No," as appropriate. Do not include individual transactions of investment arrangements reported in items 1c(9) through 1c(13).

In the case of a purchase or sale of a security on the market, do not identify the person from whom purchased or to whom sold.

**Special rule for certain participant-directed transactions.** Transactions under an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account (including a negative election authorized under the terms of the plan) should not be taken into account for purposes of preparing the Schedule of Reportable Transactions. The current value of all assets of the plan, including these transactions, should be included in determining the 5% figure for all other transactions.

The schedule must be clearly labeled "Schedule of Reportable Transactions."

**Line 4k.** Check "Yes" if all the plan assets (including insurance/annuity contracts) were distributed to the participants and beneficiaries, legally transferred to the control of another plan, or brought under the control of the PBGC.

Check "No" for a welfare benefit plan that is still liable to pay benefits for claims that were incurred prior to the termination date, but not yet paid. See 29 CFR 2520.104b-2(g)(2)(ii).

**Note:** If "Yes" was checked on line 4k because all plan assets were distributed to participants and/or beneficiaries, you are encouraged to complete Schedule SSA (Form 5500), listing each participant reported on a previous Schedule SSA (Form 5500) who has received all of his/her plan benefits, and therefore, is no longer entitled to receive deferred vested

benefits. This will ensure that SSA's records are correct, and help eliminate confusion for participants and plan administrators in the future. See the instructions to the Schedule SSA (Form 5500) for greater detail.

**Line 5a.** Check "Yes" if a resolution to terminate the plan was adopted during this or any prior plan year, unless the termination was revoked and no assets reverted to the employer. If "Yes" is checked, enter the amount of plan assets that reverted to the employer during the plan year in connection with the implementation of such termination. Enter "-0-" if no reversion occurred during the current plan year.

**Caution:** A Form 5500 must be filed for each year the plan has assets, and, in the case of a welfare benefit plan, if the plan is still liable to pay benefits for claims that were incurred prior to the termination date, but not yet paid. See 29 CFR 2520.104b-2(g)(2)(ii).

**Line 5b.** Enter information concerning assets and/or liabilities transferred from this plan to another plan(s) (including spin-offs) during the plan year. A transfer of assets or liabilities occurs when there is a reduction of assets or liabilities with respect to one plan and the receipt of these assets or the assumption of these liabilities by another plan. Enter the name, PN, and EIN of the other plan(s) involved on lines 5b(1), (2) and (3).

**Note:** A distribution of all or part of an individual participant's account balance that is reportable on Form 1099-R should not be included on line 5b.

**Caution:** Form 5310-A, Notice of Merger or Consolidation, Spinoff, or Transfer of Plan Assets or Liabilities; Notice of Qualified Separate Lines of Business, must be filed at least 30 days before any plan merger or consolidation or any transfer of plan assets or liabilities to another plan. There is a penalty for not filing Form 5310-A on time. In addition, a transfer of benefit liabilities involving a plan covered by PBGC insurance may be reportable to the PBGC (see PBGC Form 10 and Form 10-Advance).

## 1999 – Financial Information – Small Plan Instructions for Schedule I (Form 5500)

### General Instructions

#### Who Must File

The Schedule I (Form 5500) must be attached to a Form 5500 filed for pension benefit plans and welfare benefit plans that covered fewer than 100 participants as of the beginning of the plan year.

**Exception:** If a Form 5500-C/R was filed for the plan for the 1998 plan year and the plan covered fewer than 121 participants as of the beginning of the 1999 plan year, the Schedule I may be completed instead of a Schedule H.

**Note:** Certain insured, unfunded or combination unfunded/insured welfare plans are exempt from filing the Form 5500 and the Schedule I. In addition, certain fully insured pension plans are exempt from completing the Schedule I. See the Form 5500 instructions for **Pension and Welfare Plans Excluded From Filing** on page 3 and **Limited Pension Plan Reporting** on page 7 for more information.

Check the Schedule I box on the Form 5500 (Part II, line 10b(2)) if a Schedule I is attached to the Form 5500. Do not attach both a Schedule I and a Schedule H to the same Form 5500.

#### Specific Instructions

**Lines A, B, C, and D.** This information should be the same as reported in Part II of the Form 5500 to which this Schedule I is attached.

**Note:** Do not mark through the printed line descriptions on the Schedule I and insert your own description as this may cause additional correspondence due to a computerized review of the Schedule I.

Use either the cash, modified cash, or accrual basis for recognition of transactions, as long as you use one method consistently. Round off all amounts reported on the Schedule I to the nearest dollar. Any other amounts are subject to rejection. Check all subtotals and totals carefully.

If the assets of two or more plans are maintained in one fund, such as when an employer has two plans that are funded through a single trust (except a DFE), complete Parts I and II by entering the plan's allocable part of each line item.

If assets of one plan are maintained in two or more trust funds, report the combined financial information in Part I.

**Current value** means fair market value where available. Otherwise, it means the fair value as determined in good faith under the terms of the plan by a trustee or a named fiduciary, assuming an orderly liquidation at time of the determination. See ERISA section 3(26).

#### Part I - Small Plan Financial Information

Total plan assets at the beginning of the plan year plus the net income (loss) and any net transfers for the plan year must equal the total plan assets at the end of the plan year.

#### PLAN ASSETS AND LIABILITIES

Amounts reported on line 1a, 1b, and 1c for the beginning of the plan year must be the same as reported for the end of the plan year for corresponding lines on the 1998 return/report.

Do not include contributions designated for the 1999 plan year in column (a).

**Line 1a.** A plan with assets held in common/collective trusts, pooled separate accounts, master trust investment accounts, and/or 103-12 IEs must also attach Schedule D (Form 5500).

Use the same method for determining the value of the plan's interest in an insurance company general account (unallocated contracts) which you used for line 3 of Schedule A (Form 5500), or, if line 3 is not required, line 6.

**Note:** Do not include in column (b) a participant loan that has been deemed distributed during the plan year or any prior plan year under the provisions of Code section 72(p) and proposed IRS regulation section 1.72(p)-1, if both of the following circumstances apply:

1. Under the plan, the participant loan is treated as a direct investment solely of the participant's individual account; and
2. As of the end of the plan year, the participant is not continuing repayment under the loan.

If the deemed distributed participant loan is included in column (a) and both of these circumstances apply, report the loan as a deemed distribution on line 2g. However, if either of these circumstances does not apply, the current value of the participant loan (including interest accruing thereon after the deemed distribution) should be included in column (b) without regard to the occurrence of a deemed distribution.

For a Form 5500 that is filed for any plan year after the 1999 plan year, the entry on line 1a, column (b), of Schedule I (plan assets - end of year) or on line 1c(8), column (b), of Schedule H (participant loans - end of year) must include the current value of any participant loan that was reported as a deemed distribution on line 2g for any earlier year if, during the plan year, the participant resumes repayment under the loan. In addition, the amount to be entered on line 2g must be reduced by the amount of the participant loan that was reported as a deemed distribution on line 2g for the earlier year.

After a participant loan that has been deemed distributed is reported on line 2g, it is no longer to be reported as an asset on Schedule H or Schedule I unless, in a later year, the participant resumes repayment under the loan. However, such a loan (including interest accruing thereon after the deemed distribution) that has not been repaid is still considered outstanding for purposes of applying Code section 72(p)(2)(A) to determine the maximum amount of subsequent loans. The loan is also considered outstanding for other purposes, such as the qualification requirements of Code section 401, including, for example, the determination of top-heavy status under Code section 416. See Q&As 12 and 19 of proposed IRS regulation section 1.72(p)-1.

**Line 1b.** Enter the total liabilities at the beginning and end of the plan year. Liabilities to be entered here do not include the value of future pension payments to plan participants; however, the amount to be entered in line 1b for accrual basis filers includes, among other things:

1. Benefit claims that have been processed and approved for payment by the plan but have not been paid (including all incurred but not reported welfare benefit claims);
2. Accounts payable obligations owed by the plan that were incurred in the normal operations of the plan but have not been paid; and
3. Other liabilities such as acquisition indebtedness and any other amount owed by the plan.

**Line 1c.** Enter the net assets as of the beginning and end of the plan year. (Subtract line 1b from 1a.)

#### INCOME, EXPENSES, AND TRANSFERS FOR THIS PLAN YEAR

**Line 2a.** Include the total cash contributions received and/or (for accrual basis plans) due to be received.

**Line 2a(1).** Plans using the accrual basis of accounting should not include contributions designated for years before the 1999 plan year on line 2a(1).

**Line 2a(2).** For welfare plans, report all employee contributions, including all elective contributions under a cafeteria plan (Code section 125). For pension plans, participant contributions, for purposes of this item, also include elective contributions under a qualified cash or deferred arrangement (Code section 401(k)).

**Line 2b.** Use the current value, at date contributed, of securities or other noncash property.

**Line 2d.** Enter the total of all cash contributions (line 2a(1) through (3)), noncash contributions (line 2b), and other plan income during the plan year. If entering a negative number, enter a minus sign "-" to the left of the number. Plan income received and/or receivable may include, among other things:

1. Interest on investments (including money market accounts, sweep accounts, STIF accounts, etc.).

2. Dividends. (Accrual basis plans should include dividends declared for all stock held by the plan even if the dividends have not been received as of the end of the plan year.)

3. Rents from income-producing property owned by the plan.

4. Royalties.

5. Net gain or loss from the sale of assets.

6. Other income such as unrealized appreciation (depreciation) in plan assets. To compute this amount subtract the current value of all assets at the beginning of the year plus the cost of any assets acquired during the plan year from the current value of all assets at the end of the year minus assets disposed of during the plan year.

**Line 2e.** Include: (1) payments made (and for accrual basis filers payments due) to or on behalf of participants or beneficiaries in cash, securities, or other property (including rollovers of an individual's accrued benefit or account balance). Include all eligible rollover distributions as defined in Code section 401(a)(31)(C) that have been paid at the participant's election to an eligible retirement plan (including an IRA within the meaning of section 401(a)(31)(D)); (2) payments to insurance companies and similar organizations such as Blue Cross, Blue Shield, and health maintenance organizations for the provision of plan benefits (e.g., paid-up annuities, accident insurance, health insurance, vision care, dental coverage, etc.); and (3) payments made to other organizations or individuals providing benefits. Generally, these payments discussed in (3) are made to individual providers of welfare benefits such as legal services, day care services, and training and apprenticeship services. If securities or other property are distributed to plan participants or beneficiaries, include the current value on the date of distribution.

**Line 2f.** Include all distributions paid during the plan year of excess deferrals under Code section 402(g)(2)(A)(ii), excess contributions under section 401(k)(8), and excess aggregate contributions under section 401(m)(6), allocable income distributed, and any elective deferrals and employee contributions that were distributed or returned to employees during the plan year in accordance with section 1.415-6(b)(6)(iv) of the Income Tax Regulations, as well as any attributable gains that were also distributed.

**Line 2g.** Report on line 2g a participant loan that is included in line 1a, column (a) (participant loans - beginning of year) and that has been deemed distributed during the plan year or any prior plan year under the provisions of Code section 72(p) and proposed IRS regulation section 1.72(p)-1 only if both of the following circumstances apply:

1. Under the plan, the participant loan is treated as a directed investment solely of the participant's individual account; and

2. As of the end of the plan year, the participant is not continuing repayment under the loan.

If either of these circumstances does not apply, a deemed distribution of a participant loan should not be reported on line 2g. Instead, the current value of the participant loan (including interest accruing thereon after the deemed distribution) should be included on line 1a, column (b) plan assets - end of year), without regard to the occurrence of a deemed distribution.

**Note:** For a Form 5500 that is filed for any plan year after the 1999 plan year, the amount to be reported on line 2g of Schedule H or Schedule I must be reduced if, during the plan year, a participant resumes repayment under a participant loan that was reported as a deemed distribution on line 2g for the earlier year. If entering a negative number, enter a minus sign "-" to the left of the number. The current value of the participant loan must then be included in line 1c(8), column (b), of Schedule H (participant loans - end of year) or in line 1a, column (b), of Schedule I (plan assets - end of year).

*Although certain participant loans that are deemed distributed are to be reported on line 2g of the Schedule H or Schedule I, and are not to be reported on the Schedule H or Schedule I as an asset thereafter (unless the participant resumes repayment under the loan in a later year), they are still considered outstanding loans and are not treated as actual distributions for certain purposes. See Q&As 12 and 19 of proposed IRS regulation section 1.72(p)-1.*

**Line 2h.** Other expenses (paid and/or payable) may include, among others:

1. Salaries to employees of the plan;

2. Expenses for accounting, actuarial, legal, and investment services.

3. Fees and expenses for trustees including reimbursement for travel, seminars, and meeting expenses;

4. Fees paid for valuations and appraisals, and

5. Other administrative and miscellaneous expenses paid by or charged to the plan, including those that were not subtracted from the gross income of master trust investment accounts and 103-12IEs in determining their net investment gain(s) or loss(es).

**Line 2i.** Enter the total of all benefits paid or due as reported on lines 2e, 2f, and 2g and all other plan expenses (line 2h) during the year.

**Line 2k.** Enter the net value of all assets transferred to and from the plan during the plan year including those resulting from mergers and spin-offs. A transfer of assets or liabilities occurs when there is a reduction of assets or liabilities with respect to one plan and the receipt of these assets or the assumption of these liabilities by another plan. Transfers out at the end of the year should be reported as occurring during the plan year.

**Note:** A distribution of all or part of an individual participant's account balance that is reportable on Form 1099-R should not be included on line 2k but must be included in benefit payments reported on line 2e.

#### SPECIFIC ASSETS

**Lines 3a through 3g.** Check "Yes" and enter the amount or "No" as specified below. Do not include the plan's interest in CCTs, PSAs, MTIAs, and 103-12 IEs. (See instructions for **Direct Filing Entity (DFE)** on page 4 of the instructions for the Form 5500.)

**Line 3a.** Enter the value of the plan's participation in a partnership or joint venture, unless the partnership or joint venture is a 103-12 IE.

**Line 3b.** The term "employer real property" means real property (and related personal property) that is leased to an employer of employees covered by the plan, or to an affiliate of such employer. For purposes of determining the time at which a plan acquires employer real property for purposes of this line, such property shall be deemed to be acquired by the plan on the date on which the plan acquires the property or on the date on which the lease to the employer (or affiliate) is entered into, whichever is later.

**Line 3d.** An employer security is any security issued by an employer (including affiliates) of employees covered by the plan. These may include common stocks, preferred stocks, bonds, zero coupon bonds, debentures, convertible debentures, notes and commercial paper.

**Line 3e.** Enter the current value of all loans to participants including residential mortgage loans that are subject to Code section 72(p). Include the sum of the value of the unpaid principal balances, plus accrued but unpaid interest, if any, for participant loans made under an individual account plan with investment experience segregated for each account, that are made in accordance with 29 CFR 2550.408b-1 and secured solely by a portion of the participant's vested accrued benefit. When applicable, combine this amount with the current value of any other participant loans. Do not include any amount of a participant loan that has been deemed distributed during this or any prior plan year under the provisions of Code section 72(p) and proposed IRS regulation section 1.72(p)-1.

**Note:** After participant loans have been deemed distributed and reported on line 2g of the Schedule I or H, they are no longer required to be reported as assets on the Schedule I or H.

However, such loans (including interest accruing thereon after the deemed distribution) that have not been repaid are still considered outstanding for purposes of applying Code section 72(p)(2)(A) to determine the maximum amount of subsequent loans.

**Line 3f.** Enter the current value of all loans made by the plan, except participant loans reportable on line 3e. Include the sum of the value of loans for construction, securities loans, commercial and/or residential mortgage loans that are not subject to Code section 72(p) (either by making or participating in the loans directly or by purchasing loans originated by a third party), and other miscellaneous loans.

**Line 3g.** Include all property that has concrete existence and is capable of being processed, such as goods, wares, merchandise, furniture, machines, equipment, animals, automobiles, etc. This includes collectibles, such as works of art, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages, musical instruments, and historical objects (documents, clothes, etc.). Do not include the value of a plan's interest in property reported on lines 3a through 3f, or intangible property, such as patents, copyrights, goodwill, franchises, notes, mortgages, stocks, claims, interests, or other property that embodies intellectual or legal rights.

## Part II - Transactions During Plan Year

Plans with assets held in a CCT, PSA, MTIA, or 103-12 IE should complete Part I and report their investment in these entities, but not the investments made by these entities. Plans with all of their funds held in a master trust should check "No" on Schedule I, lines 4b, c, and i.

**Line 4a.** Amounts paid by a participant or beneficiary to an employer and/or withheld by an employer for contribution to the plan are participant contributions that become plan assets as of the earliest date on which such contributions can reasonably be segregated from the employer's general assets (see 29 CFR 2510.3-102). An employer holding these assets after that date commingled with its general assets will have engaged in a prohibited use of plan assets (see ERISA section 406). If such a nonexempt prohibited transaction occurred with respect to a disqualified person (see Code section 4975(e)(2)), file Form 5330 with the IRS to pay any applicable excise tax on the transaction. If no participant contributions were received or withheld by the employer during the plan year, answer "No."

**Line 4b.** Plans that check "Yes" must enter the amount. The due date, payment amount and conditions for determining default in the case of a note or loan are usually contained in the documents establishing the note or loan. A loan by the plan is in **default** when the borrower is unable to pay the obligation upon maturity. Obligations that require periodic repayment can default at any time. Generally, loans and fixed income obligations are considered **uncollectible** when payment has not been made and there is little probability that payment will be made. A fixed income obligation has a fixed maturity date at a specified interest rate. Do not include participant loans made under an individual account plan with investment experience segregated for each account that were made in accordance with 29 CFR 2550.408b-1 and secured solely by a portion of the participant's vested accrued benefit.

**Line 4c.** Plans that check "Yes" must enter the amount. A lease is an agreement conveying the right to use property, plant or equipment for a stated period. A lease is in default when the required payment(s) has not been made. An uncollectible lease is one where the required payments have not been made and for which there is little probability that payment will be made.

**Line 4d.** Plans that check "Yes" must enter the amount. Check "Yes" if any non exempt transaction with a party-in-interest occurred, unless the transaction is: (1) statutorily exempt under Part 4 of Title I of ERISA, (2) administratively exempt under ERISA section 408(a) or exempt under Code sections 4975(c) and 4975(d), (3) a transaction of a 103-12 IE with parties other than the plan; or (4) the holding of participant contributions for a welfare plan that meets the conditions of ERISA Technical Release 92-01. You may indicate that an application for an administrative exemption is pending. If you are unsure as to

whether a transaction is exempt or not, you should consult with either a qualified public accountant, legal counsel or both. If the plan is a qualified pension plan and a nonexempt prohibited transaction occurred with respect to a disqualified person, a Form 5330 should be filed with IRS to pay the excise tax on the transaction.

**Party-in-Interest.** For purposes of this form, party-in-interest is deemed to include a disqualified person see Code section 4975(e)(2). The term "party-in-interest" means, as to an employee benefit plan:

- A. Any fiduciary (including, but not limited to, any administrator, officer, trustee or custodian), counsel, or employee of the plan;
- B. A person providing services to the plan;
- C. An employer, any of whose employees are covered by the plan;
- D. An employee organization, any of whose members are covered by the plan;
- E. An owner, director indirect, of 50% or more of the combined voting power of all classes of stock entitled to vote, or the total value of shares of all classes of stock of a corporation, (2) the capital interest or the profits interest of a partnership, or (3) the beneficial interest of a trust or unincorporated enterprise that is an employer or an employee organization described in C or D;
- F. A relative of any individual described in A, B, C, or E;
- G. A corporation, partnership, or trust or estate of which (or in which) 50% or more of: (1) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation, (2) the capital interest or profits interest of such
- H. An employee, officer, director (or an individual having powers or responsibilities similar to those of officers or directors), or a 10% or more shareholder, directly or indirectly, of a person described in B, C, D, E, or G, or of the employee benefit plan; or
- I. A 10% or more (directly or indirectly in capital or profits) partner or joint venturer of a person described in B, C, D, E, or G.

**Nonexempt transactions** with a party-in-interest include any direct or indirect:

- A. Sale or exchange, or lease, of any property between the plan and a party-in-interest.
- B. Lending of money or other extension of credit between the plan and a party-in-interest.
- C. Furnishing of goods, services, or facilities between the plan and a party-in-interest.
- D. Transfer to, or use by or for the benefit of, a party-in-interest, of any income or assets of the plan.
- E. Acquisition, on behalf of the plan, of any employer security or employer real property in violation of Code section 407(a).
- F. Dealing with the assets of the plan for a fiduciary's own interest or own account.
- G. Acting in a fiduciary's individual or any other capacity in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of its participants or beneficiaries.
- H. Receipt of any consideration for his or her own personal account by a party-in-interest who is a fiduciary from any party dealing with the plan in connection with a transaction involving the income or assets of the plan.

**Note:** Amounts paid by a participant or beneficiary to an employer and/or withheld by an employer for contribution to the plan are participant contributions that become plan assets as of the earliest date on which such contributions can reasonably be segregated from the employer's general assets (see 29 CFR 2510.3-102). An employer holding these assets after that date commingled with its general assets will have engaged in a prohibited use of plan assets for purposes of the nonexempt transactions described above (see ERISA section 406).



**Line 4e.** Plans that check "Yes" must enter the aggregate amount of coverage for all claims. Check "Yes" only if the plan itself (as opposed to the plan sponsor or administrator) is a named insured under a fidelity bond covering plan officials and if the plan is protected as described in 29 CFR 2580.412-18. Generally, every plan official of an employee benefit plan who "handles" funds or other property of such plan must be bonded. Generally, a person shall be deemed to be "handling" funds or other property of a plan, so as to require bonding, whenever his or her other duties or activities with respect to given funds are such that there is a risk that such funds could be lost in the event of fraud or dishonesty on the part of such person, acting either alone or in collusion with others. Section 412 of ERISA and DOL regulations 29 CFR 2580 provide the bonding requirements, including the definition of "handling" (29 CFR 2580.412-6), the permissible forms of bonds (29 CFR 2580.412-10), the amount of the bond (29 CFR 2580, subpart C), and certain exemptions such as the exemption for unfunded plans, certain banks and insurance companies (ERISA section 412), and the exemption allowing plan officials to purchase bonds from surety companies authorized by the Secretary of the Treasury as acceptable reinsurers on Federal bonds (29 CFR 2580.412-23).

**Note:** Plans are permitted under certain conditions to purchase fiduciary liability insurance. These policies do not protect the plan from dishonest acts and are not bonds which should be reported in line 4e.

**Line 4f.** Check "Yes," if the plan had suffered or discovered any loss as a result of any dishonest or fraudulent act(s) even if the loss was reimbursed by the plan's fidelity bond or from any other source. If "Yes" is checked enter the full amount of the loss. If the full amount of the loss has not yet been determined, provide and disclose that the figure is an estimate, such as "\$1000."

**Note:** Willful failure to report is a criminal offense. See ERISA section 501.

**Lines 4g and 4h.** Current value means fair market value where available. Otherwise, it means the fair value as determined in good faith under the terms of the plan by a trustee or a named fiduciary, assuming an orderly liquidation at time of the determination. See ERISA section 3(26).

An accurate assessment of fair market value is essential to a pension plan's ability to comply with the requirements set forth in the Code (e.g., the exclusive benefit rule of Code section 401(a)(2), the limitations on benefits and contributions under Code section 415, and the minimum funding requirements under Code section 412) and must be determined annually.

Examples of assets that may not have a readily determinable value on an established market (e.g., NYSE, AMEX, over the counter, etc.) include real estate, nonpublicly traded securities, shares in a limited partnership, and collectibles. Do not check "Yes" on line 4g if the plan is a defined contribution plan and the only assets the plan holds, that do not have a readily determinable value on an established market, are: (1) participant loans not in default, or (2) assets over which the participant exercises control within the meaning of section 404(c) of ERISA.

Although the current value of plan assets must be determined each year, there is no requirement that the assets (other than certain nonpublicly traded employer securities held in ESOPs) be valued every year by independent third-party appraisers.

Enter in the amount column the fair market value of the assets referred to on line 4g whose value was not readily determinable on an established market and which were not valued by an

independent third-party appraiser in the plan year. Generally, as it relates to these questions, an appraisal by an independent third party is an evaluation of the value of an asset prepared by an individual or firm who knows how to judge the value of such assets and does not have an ongoing relationship with the plan or plan fiduciaries except for preparing the appraisals.

**Line 4i.** Include as a single security all securities of the same issue. An example of a single issue is a certificate of deposit issued by the XYZ Bank on July 1, 1998, which matures on June 30, 1999, and yields 5.5%. For the purposes of line 4i, do not check "Yes" for securities issued by the U.S. Government or its agencies.

**Line 4j.** Check "Yes" if all the plan assets (including insurance/annuity contracts) were distributed to the participants and beneficiaries, legally transferred to the control of another plan, or brought under the control of the PBGC.

Check "No" for a welfare benefit plan that is still liable to pay benefits for claims that were incurred prior to the termination date, but not yet paid. See 29 CFR 2520.104b-2(g)(2)(ii).

**Note:** If "Yes" was checked on line 4k because all plan assets were distributed to participants and/or beneficiaries, you are encouraged to complete Schedule SSA (Form 5500), listing each participant reported on a previous Schedule SSA (Form 5500) who has received all of his/her plan benefits, and therefore, is no longer entitled to receive deferred vested benefits. This will ensure that SSA's records are correct, and help eliminate confusion for participants and plan administrators in the future. See the instructions to the Schedule SSA (Form 5500) for greater detail.

**Line 5a.** Check "Yes" if a resolution to terminate the plan was adopted during this or any prior plan year, unless the termination was revoked and no assets reverted to the employer. If "Yes" is checked, enter the amount of plan assets that reverted to the employer during the plan year in connection with the implementation of such termination. Enter "-0-" if no reversion occurred during the current plan year.

**Caution:** A Form 5500 must be filed for each year the plan has assets, and, in the case of a welfare benefit plan, if the plan is still liable to pay benefits for claims that were incurred prior to the termination date, but not yet paid. See 29 CFR 2520.104b-2(g)(2)(ii).

**Line 5b.** Enter information concerning assets and/or liabilities transferred from this plan to another plan(s) (including spin-offs) during the plan year. A transfer of assets or liabilities occurs when there is a reduction of assets or liabilities with respect to one plan and the receipt of these assets or the assumption of these liabilities by another plan. Enter the name, PN, and EIN of the other plan(s) involved on lines 5b(1), 5b(2) and 5b(3).

**Note:** A distribution of all or part of an individual participant's account balance that is reportable on Form 1099-R should not be included on line 5b.

**Caution:** Form 5310-A, Notice of Merger or Consolidation, Spinoff, or Transfer of Plan Assets or Liabilities; Notice of Qualified Separate Lines of Business, must be filed at least 30 days before any plan merger or consolidation or any transfer of plan assets or liabilities to another plan. There is a penalty for not filing Form 5310-A on time. In addition, a transfer of benefit liabilities involving a plan covered by PBGC insurance may be reportable to the PBGC (see PBGC Form 10 and Form 10-Advance).



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**1999 – Annual Return of Fiduciary of  
Employee Benefit Trust  
Instructions for Schedule P (Form 5500)**

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**General Instructions****Purpose of Form**

You may use this schedule to satisfy the requirements under Code section 6033(a) for an annual information return from every section 401(a) organization exempt from tax under section 501(a). The statute of limitations under section 6501(a) for any trust described in section 401(a), which is exempt from tax under section 501(a), will not start to run until you file this schedule.

**Who May File**

Every trustee of a trust created as part of an employee benefit plan as described in Code section 401(a), and every custodian of a custodial account described in Code section 401(f).

**How To File**

File Schedule P for the trust year ending with or within any participating plan's plan year. Attach it to the Form 5500 or 5500-EZ filed by the plan for that plan year. A separately filed Schedule P will not be accepted. If the trust or custodial account is used by more than one plan, file one Schedule P. If a plan uses more than one trust or custodial account for its funds, file one Schedule P for each trust or custodial account.

Check the Schedule P box on the Form 5500 (Part II, line 10b(7)), and enter the number attached in the space provided if one or more Schedules P are attached to the Form 5500.

**Trust's Employer Identification Number**

Enter the trust employer identification number (EIN) assigned to the employee benefit trust or custodial account, if one has been

issued to you. The trust EIN should be used for transactions conducted for the trust. If you do not have a trust EIN, enter the EIN you would use on **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to report distributions from employee benefit plans and on **Form 945**, Annual Return of Withheld Federal Income Tax, to report withheld amounts of income tax from those payments.

**Note:** Trustees who do not have an EIN may apply for one on **Form SS-4**, Application for Employer Identification Number. You must be consistent and use the same EIN for all trust reporting purposes.

**Signature**

The fiduciary (trustee or custodian) must sign this schedule. If there is more than one fiduciary, the fiduciary authorized by the others may sign.

**Other Returns and Forms That May Be Required**

**Form 990-T.** For trusts described in Code section 401(a), a tax is imposed on income derived from business that is unrelated to the purpose for which the trust received a tax exemption. Report this income and tax on **Form 990-T**, Exempt Organization Business Income Tax Return. (See Code sections 511 through 514 and the related regulations.)

**Form 1099-R.** If you made payments or distributions to individual beneficiaries of a plan, report those payments on Form 1099-R. (See the Instructions for Forms 1099, 1098, 5498, and W-2G.)

**Form 945.** If you made payments or distributions to individual beneficiaries of a plan, you may be required to withhold income tax from those payments. Use Form 945 to report taxes withheld from nonpayroll items. (See **Circular E**, Employer's Tax Guide (Pub. 15), for more information.)

## 1999 – Retirement Plan Information Instructions for Schedule R (Form 5500)

### General Instructions

#### Purpose of Schedule

The Schedule R reports certain information on plan distributions, and funding, and the adoption of amendments increasing the value of benefits in a defined benefit pension plan.

#### Who Must File

The Schedule R (Form 5500) must be attached to a Form 5500 filed for both tax qualified and nonqualified pension benefit plans. The parts of the Schedule R that must be completed depend on whether the plan is subject to the minimum funding standards of Code section 412 or ERISA section 302.

**Exceptions:** (1) The Schedule R should not be completed when the Form 5500 is filed for a pension plan that uses, as the sole funding vehicle for providing benefits, a tax deferred annuity arrangement under Code section 403(b)(1), a custodial account for regulated investment company stock under Code section 403(b)(7), and/or individual retirement accounts or annuities (as described in Code section 408). See the Form 5500 instructions for **Limited Pension Plan Reporting** on page 7 for more information.

(2) The Schedule R also should not be completed if the plan is not a defined benefit plan or otherwise subject to the minimum funding standards of Code section 412 or ERISA section 302 and no plan benefits were distributed during the plan year.

Check the Schedule R box on the Form 5500 (Part II, line 10a(1)) if a Schedule R is attached to the Form 5500.

### Specific Instructions

**Lines A, B, C, and D.** This information should be the same as reported in Part II of the Form 5500 to which this Schedule R is attached.

#### Part I - Distributions

**"Distribution"** includes only payments of benefits during the plan year, in cash, in kind, or by purchase for the distributee of an annuity contract from an insurance company. It does not include corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions. It does not include a loan treated as a distribution under Code section 72(p).

**"Participant"** means any present or former employee who at any time during the plan year had an accrued benefit (account balance in a defined contribution plan) in the plan.

**Line 1.** Enter the total value of all distributions made during the year (regardless of when the distribution began) in any form other than cash, annuity contracts issued by an insurance company, or publicly traded employer securities.

**Line 2.** Enter the EIN(s) of any payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the plan year. If more than two payors made such payments during the year, enter the EINs of the two payors who paid the greatest dollar amounts during the year. For purposes of this line 2, include all payments made in cash, regardless of when the payments began. Include payments from an insurance company under an annuity only in the year the contract was purchased. Do not include distributions in kind reported on line 1.

**Line 3.** Enter the number of living or deceased participants whose benefits under the plan were distributed during the plan year in the form of a single sum distribution. For this purpose, a distribution of a participant's benefits will not fail to be a single sum distribution merely because, after the date of the distribution, the plan makes a supplemental distribution as a result of earnings or other adjustments made after the date of the single sum distribution. Also include any participants whose benefits were distributed in the form of a direct rollover to the trustee or custodian of a qualified plan or individual retirement account.

### Part II - Funding Information

Complete Part II if the plan is subject to the minimum funding requirements of Code section 412 or ERISA section 302.

All qualified defined benefit and defined contribution plans are subject to the minimum funding requirements of Code section 412 unless they are described in the exceptions listed under section 412(h). These exceptions include profit-sharing or stock bonus plans, insurance contract plans described in section 412(i), and certain plans to which no employer contributions are made.

Nonqualified employee pension benefit plans are subject to the minimum funding requirements of ERISA section 302 unless specifically exempted under ERISA sections 4(a) or 301(a).

The employer or plan administrator of a defined benefit plan that is subject to the minimum funding requirements must file Schedule B as an attachment to Form 5500. Schedule B is not required to be filed for a money purchase defined contribution plan that is subject to the minimum funding requirements unless the plan is currently amortizing a waiver of the minimum funding requirements.

**Line 4.** Check "yes" if, for purposes of computing the minimum funding requirements for the plan year, the plan administrator is making an election intended to satisfy the requirements of Code section 412(c)(8) or ERISA section 302(c)(8). Under Code section 412(c)(8) and ERISA section 302(c)(8), a plan administrator may elect to have any amendment that is adopted after the beginning of the plan year for which it applies treated as having been made on the first day of the plan year if all of the following requirements are met:

1. The amendment is adopted no later than two and one-half months after the close of such plan year (two years for a multiemployer plan);
2. The amendment does not reduce the accrued benefit of any participant determined as of the beginning of such plan year; and

3. The amendment does not reduce the accrued benefit of any participant determined as of the adoption of the amendment unless the plan administrator notified the Secretary of the Treasury of the amendment and the Secretary either approved the amendment or failed to disapprove the amendment within 90 days after the date the notice was filed.

**Line 5.** If a money purchase defined contribution plan has received a waiver of the minimum funding standard, and the waiver is currently being amortized, lines 3, 9, and 10 of Schedule B must be completed. The Schedule B must be attached to Form 5500 but it need not be signed by an enrolled actuary.

**Line 6a.** The minimum required contribution for a money purchase defined contribution plan for a plan year is the amount required to be contributed for the year under the formula set forth in the plan document. If there is an accumulated funding deficiency for a prior year that has not been waived, that amount should also be included as part of the contribution required for the current year.

**Line 6b.** Include all contributions for the plan year that are made not later than 8½ months after the end of the plan year. Show only contributions actually made to the plan by the date the form is filed, i.e., do not include receivable contributions for this purpose.

**Line 6c.** If this amount is greater than zero there is an accumulated funding deficiency for the plan year and Form 5330 should be filed with the IRS to pay the excise tax on the deficiency. There is a penalty for not filing Form 5330 on time.

**Line 7.** A revenue procedure providing for automatic approval for a change in funding method for a plan year generally does not apply unless the plan administrator or an authorized representative of the plan sponsor explicitly agrees to the change. If a change in funding method that is made pursuant to such a revenue procedure (or a class ruling letter) is to be applicable for the current plan year, this line generally must be checked "Yes." In certain situations, however, the requirement that the plan administrator or an authorized representative of the

plan sponsor agree to the change in funding method will be satisfied if the plan administrator or an authorized representative of the plan sponsor is made aware of the change. In these situations, this line must be checked "N/A." See Section 4.02 of Rev. Proc. 99-45, 1999-49 I.R.B. 603.

**Line 8.** The transition rule of Code section 412(l)(11) and ERISA section 302(d)(11) provides an alternative method of computing the additional required funding charge. For such an election to apply for the current plan year check "yes" for this line.

#### Part III - Amendments

**Line 9.** Check "Yes" if an amendment was adopted during the plan year that increased the value of benefits in any way. This includes an amendment providing for an increase in the amount of benefits or rate of accrual, more generous lump sum factors, cost of living adjustments, more rapid vesting, additional payment forms, and earlier eligibility for some benefits.

## 1999 – Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits Instructions for Schedule SSA (Form 5500)

### General Instructions

#### Purpose of Form

Use Schedule SSA to report all participants with deferred vested benefit rights who separated from your company during the plan year. Also use Schedule SSA to correct information previously reported concerning participants with deferred vested benefits. The information reported on this schedule is given to the Social Security Administration which in turn provides it to participants when they file for Social Security benefits. Check the Schedule SSA box on the Form 5500 (Part II, line 10a(5)) if a Schedule SSA is attached to the Form 5500.

#### Who Must File

The plan administrator is responsible for filing Schedule SSA. Plans that cover only owners and their spouses do not have to file this schedule.

**Note:** Government, church, or other plans that elect to voluntarily file the Schedule SSA **must** check the appropriate box on the schedule **and** complete lines 2 through 3c.

#### What To File

File this schedule and complete all line items. All attachments to Schedule SSA should have entries only on the front of the page. If you need more space, use either: (1) additional copies of Schedule SSA, or (2) additional sheets the same size as the schedule containing all the information requested on the schedule. The information required in line 4 boxes (a) through (j) should be listed in the same format as line 4 on Schedule SSA.

You may send a machine-generated computer listing showing the information required on line 4 instead of completing line 4 on the schedule. Use the same format as line 4 on Schedule SSA. Complete A through D on Schedule SSA and enter on line 4 a statement that a list is attached. On each page of the computer listing, enter all the information from A through D.

#### When to Report a Separated Participant

In general, **for a plan to which only one employer contributes**, a participant must be reported on Schedule SSA if:

1. The participant separates from service covered by the plan in a plan year, and
2. The participant is entitled to a deferred vested benefit under the plan.

The separated participant must be reported no later than on the Schedule SSA filed for the plan year following the plan year in which separation occurred. However, you can report the separation in the plan year in which it occurs, if you want to report earlier. Do not report a participant more than once unless you wish to revise or update a prior Schedule SSA (see instructions for line 4, box (a), under codes B, C, or D).

In general, **for a plan to which more than one employer contributes**, a participant must be reported on Schedule SSA if:

1. The participant incurs two successive 1-year breaks in service (as defined in the plan for vesting purposes), and
2. The participant is (or may be) entitled to a deferred vested benefit under the plan.

The participant must be reported no later than on the Schedule SSA filed for the plan year in which the participant completed the second of the two consecutive 1-year breaks in service. The participant may be reported earlier (i.e., on the Schedule SSA filed for the plan year in which he or she

separated from service or completed the first 1-year break in service).

#### When NOT to Report a Participant

A participant is not required to be reported on Schedule SSA if, before the date the Schedule SSA is required to be filed (including any extension of time for filing), the participant:

1. Is paid some or all of the deferred vested retirement benefit (see the **Caution** below), or
2. Returns to service covered by the plan and/or accrues additional retirement benefits under the plan, or
3. Forfeits all the deferred vested retirement benefit.

**Caution:** If payment of the deferred vested retirement benefit ceases before **ALL** of the benefit to which the participant is entitled is paid to the participant, information relating to the deferred vested retirement benefit to which the participant remains entitled shall be filed on the Schedule SSA filed for the year **following** the last plan year within which a portion of the benefit is paid to the participant.

#### Separation of a Re-Employed Employee

If the deferred vested benefit of a separated employee is different from that previously reported, you may use code B (see below) to report that employee's total vested benefit.

#### Revising Prior Report

You may use Schedule SSA to report revisions to pension information for a participant you reported on a previous Schedule SSA. This will ensure that SSA's records are correct. This is important since SSA provides Schedule SSA information that it has on file to participants when they file for Social Security benefits. If this information is not up-to-date, the participant may contact the plan administrator to resolve the difference.

You are encouraged to report changes or corrections to previously reported information (such as plan number), as this allows the Social Security Administration to provide accurate information to participants or their beneficiaries. You do not need to report changes in the value of the employees' accounts, since that is likely to change. However, you may report these changes if you want.

#### Split Plan Mergers

There are conditions where some employees covered by an existing plan are transferred to a different plan, or all of the employees of an existing plan are split between two or more different plans. The new administrator for each group of employees should complete a code C entry (see below) for each employee previously reported on a Schedule SSA for the other plan.

#### Where and How to File

File as an attachment to Form 5500.

**Caution:** A penalty may be assessed if Schedule SSA (Form 5500) is not timely filed.

#### Specific Instructions

**Line D.** Enter the sponsor's employer identification number (EIN) shown on Form 5500, line 2b.

**Line 2.** If the Post Office does not deliver mail to the street address and you have a P.O. box, enter the box number instead of the street address.

**Line 4, box (a).** From the following list, select the code that applies and enter that code in line 4, box (a).

**Code A** — Use this code for a participant not previously reported. Also complete boxes (b) through (h).

**Code B** — Use this code for a participant previously reported under the plan number shown on this schedule to modify some of the previously reported information. Enter all the current information for boxes (b) through (h).

**Code C** — Use this code for a participant previously reported under another plan number who will now be receiving his/her future benefit from the plan reported on this schedule. Also complete boxes (b), (c), (i), and (j).

**Code D** — Use this code for a participant previously reported under the plan number shown on this schedule who is no longer entitled to those deferred vested benefits. Also complete boxes (b) and (c). If you wish, you may also use this code to report those participants who are already receiving benefits as previously reported.

**Line 4, box (b).** Enter the exact social security number (SSN) of each participant listed. If the participant is a foreign national employed outside the United States who does not have an SSN, enter the word "FOREIGN."

**Line 4, box (c).** Enter each participant's name exactly as it appears on the participant's social security card.

**Line 4, box (d).** From the following list, select the code that describes the type of annuity that will be provided for the participant. Enter the code that describes the type of annuity that normally accrues under the plan at the time of the participant's separation from service covered by the plan (or for a plan to which more than one employer contributes at the time the participant incurs the second consecutive 1-year break in service under the plan).

**Type of Annuity Code**

- A** A single sum
- B** Annuity payable over fixed number of years
- C** Life annuity
- D** Life annuity with period certain
- E** Cash refund life annuity
- F** Modified cash refund life annuity
- G** Joint and last survivor life annuity
- M** Other

**Line 4, box (e).** From the following list, select the code that describes the benefit payment frequency during a 12-month period.

**Type of Payment Code**

- A** Lump sum
- B** Annually
- C** Semiannually
- D** Quarterly
- E** Monthly
- M** Other

**Line 4, box (f).** For a defined benefit plan, enter the amount of the periodic payment that a participant is entitled to receive under line 4, box (f).

*For a plan to which more than one employer contributes, if the amount of the periodic payment cannot be accurately determined because the plan administrator does not maintain complete records of covered service, enter an estimated amount.*

**Line 4, box (g).** For a defined contribution plan, if the plan states that a participant's share of the fund will be determined on the basis of units, enter the number of units credited to the participant.

If, under the plan, participation is determined on the basis of shares of stock of the employer, enter the number of shares and add the letters "SH" to indicate shares. A number without the "SH" will be interpreted to mean units.

**Line 4, box (h).** For defined contribution plans, enter the value of the participant's account at the time of separation.

**Line 4, boxes (i) and (j).** Show the EIN and plan number of the plan under which the participant was previously reported.

**Signature.** This form must be signed by the plan administrator. If more than one Schedule SSA is filed for one plan, only page one should be signed.

## 1999 – Qualified Pension Plan Coverage Information Instructions for Schedule T (Form 5500)

### General Instructions

#### Purpose of Schedule

Schedule T (Form 5500) is used by certain qualified pension benefit plans to provide information concerning the plan's compliance with the minimum coverage requirements of Code section 410(b).

#### Substantiation Guidelines

Revenue Procedure 93-42, 1993-2 C.B. 540, provides guidelines designed to reduce the burdens of substantiating compliance with the coverage and nondiscrimination requirements that apply to qualified pension benefit plans. Generally, Rev. Proc. 93-42 sets forth guidelines for: (1) the quality of data used in substantiating compliance with the coverage and nondiscrimination rules, (2) the timing of coverage and nondiscrimination testing, (3) the testing cycle of a plan, and (4) the qualified separate lines of business (QSLOB) rules. The substantiation guidelines may be used in completing Schedule T, if applicable.

#### Who Must File

The Schedule T (Form 5500) must generally be attached to the Form 5500 to report coverage information for a pension benefit plan (including profit-sharing and stock bonus plans) that is intended to be qualified under Code section 401(a) or 403(a). More than one Schedule T may be required. See the specific instructions for lines 1 and 2.

Schedule T may not be required every year. Check the Schedule T box on the Form 5500 (Part II, line 10a(2)), and enter the number attached in the space provided. **ONLY** if one or more Schedules T are attached to the Form 5500. If a Schedule T is not attached to the Form 5500 because the employer is using the three-year testing cycle rule in Revenue Procedure 93-42, and relying on the fact that the plan satisfied coverage in an earlier year, do not check the Schedule T box on Form 5500. Instead, enter in the space provided on Form 5500 line 10a(2) the year on which the employer is relying. See the instructions under **When to File** below. If the plan benefits the employees of more than one employer or if the employer operates QSLOBs, also see the instructions for lines 1 and 2.

#### When to File

Employers using the three-year testing cycle rule in Revenue Procedure 93-42 must file Schedule T for the first year in the plan's testing cycle. Schedule T need not be filed for the second or third year in the cycle if the employer is permitted to rely on the earlier year's testing. If the employer does not or cannot use the three-year testing rule, the Schedule T must be filed annually.

#### Specific Instructions

**Lines A, B, C, and D.** This information should be the same as reported in Part II of the Form 5500 to which this Schedule T is attached.

**Note:** For purposes of the Schedule T (Form 5500), all employers that are members of the same controlled group (that is, they are aggregated under Code section 414(b), (c), or (m)) are treated as a single employer. For purposes of the Schedule T (Form 5500), "employee" includes any self-employed individual, common-law employee, or leased employee (within the meaning of Code section 414(n)) of any member of the controlled group.

**Line 1.** If a plan benefits the employees of more than one employer and all the employers are members of the same controlled group, file only one Schedule T, treating all the employers as a single employer. However, if a plan benefits the

employees of more than one employer and any of the employers are not members of the same controlled group, file as follows. File separate Schedules T for each controlled group and each other employer that have noncollectively bargained employees benefiting under the plan, as if the portions of the plan benefiting each controlled group's employees and each other employer's employees constituted separate plans. For this purpose, none of the employees benefiting under a plan are considered collectively bargained employees if more than 2% of the employees covered by the plan are professional employees. (See Regulations section 1.410(b)-6(d)(2) for the definition of collectively bargained employee and Regulations section 1.410(b)-9 for the definition of professional employee.) Schedule T need not be filed, however, for any controlled group or other employer that is permitted to rely on an earlier year's testing, as explained under **When to File** above. Instead, attach a list showing each controlled group and other employer that is relying on prior year testing, including name, employer identification number, and the testing year being relied on.

For purposes of Schedule T, each controlled group and each other employer that have employees benefiting under a plan that benefits the employees of more than one employer are referred to as "participating employers" in a plan "maintained by more than one employer." If applicable, enter on lines 1a and 1b the name and employer identification number of the participating employer to which the coverage information in lines 3 and 4 relates. Otherwise, leave lines 1a and 1b blank.

Alternatively, where two or more participating employers meet any of the exceptions in line 3, attach a list of such participating employers, including each participating employer's name and employer identification numbers and the line (3a, 3b, 3d, or 3e) that describes the exception that applies to that participating employer. This list may be combined with the list of participating employers that are relying on prior year testing, if applicable. Under this alternative, file separate Schedules T only for those participating employers that do not satisfy any of the exceptions in line 3 and are not relying on prior year testing.

**Line 2.** See Income Tax Regulations section 1.414(r). Do not complete lines 2a through 2d unless the employer maintaining the plan operates QSLOBs.

**Line 2c.** See Regulations sections 1.414(r)-1(c) and 1.414(r)-8.

**Line 2d.** If the plan benefits the employees of more than one QSLOB, and the employer applies the minimum coverage requirements on a QSLOB basis, file a separate Schedule T for each QSLOB that has employees benefiting under the plan for which the Form 5500 is being filed, as if each portion of the plan that benefits the employees of a particular QSLOB constituted a separate plan. Identify on line 2d the particular QSLOB to which the coverage information in lines 3 and 4 relates. Otherwise, leave line 2d blank. (Schedule T need not be filed, however, for any QSLOB that is permitted to rely on a prior year's testing, as explained under **When to File** above. Instead, attach a list showing each QSLOB relying on prior year testing and the testing year being relied on.)

**Line 3.** Check box 3a, 3b, 3c, or 3d to indicate if you meet any of the exceptions they describe. If box 3a, 3b, 3c, or 3d is checked, skip line 4.

**Box 3a.** Check this box if, during the plan year, the employer employed only highly compensated employees (within the meaning of Code section 414(q)), excluding employees who were collectively bargained employees (within the meaning of Regulations section 1.410(b)-6(d)(2)).

**Box 3b.** Check this box if, during the plan year, the plan benefited no highly compensated employees (within the meaning of Code section 414(q)), excluding employees who were collectively bargained employees (within the meaning of Regulations section 1.410(b)-6(d)(2)). See the instructions for line 4c(5) for the definition of "benefiting." This line should also be checked if no employee received an allocation or accrued a benefit under the plan for the plan year.

**Box 3c.** Check this box if, during the plan year, the plan benefited only collectively bargained employees (within the meaning of Regulations section 1.410(b)-6(d)(2)). However, do not check this box if more than 2% of the employees covered

by the plan were professional employees (within the meaning of Regulations section 1.410(b)-9).

**Box 3d.** Check this box if, during the plan year, the plan benefited 100% of the nonexcludable nonhighly compensated employees of the employer. The nonhighly compensated employees of the employer include all the self-employed individuals, common-law employees, and leased employees (within the meaning of Code section 414(n)) employed by the employer or any entity aggregated with the employer under Code section 414(b), (c) or (m) at any time during the plan year, excluding highly compensated employees (within the meaning of Code section 414(q)). Any such employee is a nonexcludable employee unless the employee is in one of the following categories:

1. Employees who have not attained the minimum age and service requirements of the plan.
2. Collectively bargained employees within the meaning of Regulations section 1.410(b)-6(d)(2).
3. Nonresident aliens who receive no U.S. source income.
4. Employees who fail to accrue a benefit solely because they: (a) fail to satisfy a minimum hour of service or a last day requirement under the plan; (b) do not have more than 500 hours of service for the plan year; and (c) are not employed on the last day of the plan year.
5. Employees of QSLOBs other than the one with respect to which this Schedule T is being filed.

**Box 3e.** Check this box if, for the plan year, the plan is treated as satisfying the minimum coverage requirements of Code section 410(b) under the "acquisition or disposition" rule in Code section 410(b)(6)(C).

**Line 4.** In general, a plan must satisfy the coverage requirements under one of three testing options. Under the daily testing option, the plan must satisfy the coverage requirements on each day of the plan year taking into account only employees who are employees on that day. A plan will satisfy the coverage requirements under the quarterly testing option if it satisfies them on at least one day in each quarter, taking into account only employees who are employees on that day, provided the quarterly testing dates reasonably represent the coverage of the plan over the entire plan year. Finally, a plan will satisfy the coverage requirements under the annual testing option if it satisfies them as of the last day of the plan year, taking into account all employees who were employees on any day during the plan year.

Rev. Proc. 93-42 also allows an employer to substantiate that a plan satisfies the coverage requirements on the basis of the employer's workforce on a single day during a plan year, taking into account only employees who are employees on that day, if that day is reasonably representative of the employer's workforce and the plan's coverage throughout the year. This is referred to as "snapshot" testing.

If a plan satisfies the coverage and nondiscrimination requirements for a plan year, the employer may generally rely on this for the two succeeding plan years and will not have to test the plan in those years, provided there have not been significant changes.

If the employer is using single day, "snapshot" testing, the data given on lines 4a through 4f should be for the most recent snapshot day.

Enter on line 4 the beginning date of the plan year with respect to which the data on lines 4a through 4f was gathered.

**Line 4a.** The definition of leased employee is in Code section 414(n).

**Line 4b.** Employers can satisfy coverage by aggregating generally any qualified plans that are not mandatorily disaggregated. See the instructions for lines 4c and 4e regarding mandatory disaggregation. The aggregated plans must also satisfy the nondiscrimination requirements of Code section 401(a)(4) on an aggregated basis. If the employer aggregates this plan with any other plan(s) for the coverage and nondiscrimination requirements, enter the information requested and complete the rest of line 4 for the plans, as aggregated.

**Line 4c.** Certain single plans must be disaggregated into two or more separate parts. Each of the disaggregated parts of the plan must then satisfy the coverage and nondiscrimination requirements as if it were a separate plan. Under the regulations, the following plans must be disaggregated:

1. A plan that includes a Code section 401(k) arrangement (a qualified cash or deferred arrangement) and a portion that is not a section 401(k) arrangement.
2. A plan that includes a Code section 401(m) feature (employee and matching contributions) and a portion that is not a Code section 401(m) feature.
3. A plan that includes an ESOP and a portion that is not an ESOP.
4. A plan that benefits both collectively bargained employees and noncollectively bargained employees. None of the employees benefiting under a plan are considered collectively bargained employees if more than 2% of the employees covered by the plan are professional employees. (See Regulations section 1.410(b)-6(d)(2) for the definition of collectively bargained employee and Regulations section 1.410(b)-9 for the definition of professional employee.)

If the plan is disaggregated solely because it benefits both collectively bargained employees and noncollectively bargained employees, complete lines 4c and 4d for the part of the plan that benefits noncollectively bargained employees. Do not complete line 4e. No information is required with respect to the part of the plan that benefits collectively bargained employees. If the plan is disaggregated for other reasons, complete lines 4c and 4d for one disaggregated part of the plan. Complete line 4e to report the ratio percentage(s) for the other disaggregated part(s) of the plan, regardless if identical to the entry on line 4d. For example, if the plan is a profit sharing plan that provides nonelective contributions, Code section 401(k) contributions, and Code section 401(m) contributions, you may complete lines 4c and 4d for the nonelective part of the plan and enter on line 4e the ratio percentages for the 401(k) and 401(m) parts of the plan.

**Line 4c(1).** Enter the total number of employees of the employer.

**Line 4c(2).** Enter the total number of excludable employees in the following categories:

1. Employees who have not attained the minimum age and service requirements of the plan.
2. Collectively bargained employees within the meaning of Regulations section 1.410(b)-6(d)(2).
3. Nonresident aliens who receive no U.S. source income.
4. Employees who fail to accrue a benefit solely because they: (a) fail to satisfy a minimum hour of service or a last day requirement under the plan; (b) do not have more than 500 hours of service for the plan year; and (c) are not employed on the last day of the plan year. See Regulations section 1.410(b)-6.
5. Employees of QSLOBs other than the one with respect to which this Schedule T is being filed.

**Line 4c(4).** The definition of highly compensated employee is contained in Code section 414(q) and its related regulations.

**Line 4c(5).** In general, an employee is "benefiting" if the employee receives an allocation of contributions or forfeitures, or accrues a benefit under the plan for the plan year. Certain other employees are treated as benefiting even if they fail to receive an allocation of contributions or forfeitures or to accrue a benefit solely because the employee is subject to plan provisions that limit plan benefits, such as a provision for maximum years of service, maximum retirement benefits, or limits designed to satisfy Code section 415. An employee is treated as benefiting under a plan (or portion of a plan) that provides for elective contributions under Code section 401(k) if the employee is eligible to make elective contributions to the Code section 401(k) arrangement even if he or she does not actually make elective contributions. Similarly, an employee is treated as benefiting under a plan (or portion of a plan) that provides for after-tax employee contributions or matching contributions under Code section 401(m) if the employee is eligible to make after-tax employee contributions or receive



allocations of matching contributions even if none are actually made or received.

**Line 4d.** In general, to compute the ratio percentage, divide the number of nonexcludable employees who benefit under the plan and are not highly compensated by the total number of nonexcludable nonhighly compensated employees; put this result in the numerator (top of the fraction). Divide the number of nonexcludable employees who benefit under the plan and who are highly compensated by the total number of nonexcludable highly compensated employees; put this result in the denominator (bottom of the fraction). Divide the numerator by the denominator, multiply by 100, and enter the result in line 4d. Enter to the nearest 0.1%.

If the information on lines 4c and 4d pertains to one part of a disaggregated plan, identify, in the space provided, the disaggregated part of the plan to which the information on lines 4c and 4d pertains as follows: "nonelective," "401(k)," "401(m)," "ESOP," "non-ESOP."

**Line 4e.** See the instructions for line 4c. Calculate the ratio percentage for the other disaggregated part(s) of the plan as described above and enter on line 4e. If entering information on line 4e, identify the disaggregated part(s) of the plan as follows: "401(k)," "401(m)," "nonelective," "ESOP," "non-ESOP."

If there are more than three other disaggregated parts of the plan, provide their ratio percentages on an attachment in the same format as line 4(e).

**Line 4f.** If the ratio percentage for the plan, or any disaggregated part of the plan, entered on line 4d or line 4e is less than 70%, the plan does not satisfy the ratio percentage test. An employer that is using single day "snapshot" testing may, in certain circumstances, need to adjust the 70% figure to compensate for the fact that the substantiation quality data or snapshot population does not reflect employee turnover and may overstate the plan's coverage. See section 3 of Rev. Proc.

93-42. If the plan, or any disaggregated part of the plan, does not satisfy the ratio percentage test, the plan will satisfy the minimum coverage requirements of the Code only if it satisfies the average benefit test.

A plan satisfies the average benefit test if it satisfies both the nondiscriminatory classification test and the average benefit percentage test. A plan satisfies the nondiscriminatory classification test if the plan benefits such employees as qualify under a classification set up by the employer and found by the Secretary not to be discriminatory in favor of highly compensated employees. Under Regulations section 1.410(b)-4, a classification will be deemed nondiscriminatory if the ratio percentage for the plan is equal to or greater than the safe harbor percentage. The safe harbor percentage is 50%, reduced by  $\frac{3}{4}$  of a percentage point for each percentage point by which the nonhighly compensated employee concentration percentage exceeds 60%. The nonhighly compensated employee concentration percentage is the percentage of all the employees of the employer who are not highly compensated employees.

In general, a plan satisfies the average benefit percentage test if the actual benefit percentage for nonhighly compensated employees is at least 70% of the actual benefit percentage for highly compensated employees. See Regulations section 1.410(b)-5. All qualified plans of the employer, including ESOPs, Code section 401(k) plans, and plans with employee or matching contributions (Code section 401(m) plans) are aggregated in determining the actual benefit percentages. Do not aggregate plans that may not be aggregated for purposes of satisfying the ratio percentage test, other than ESOPs and Code section 401(k) and 401(m) plans. In addition, all nonexcludable employees, including those with no benefit under any qualified plan of the employer, are included in determining the actual benefit percentages.

**OMB Control Numbers**

Agency	OMB Number	Agency	OMB Number
Pension and Welfare Benefits Administration . . . . .	.1210-0110	Pension Benefit Guaranty Corporation . . . . .	.1212-0057
	1210-0089	Social Security Administration . . . . .	.0960-0606
Internal Revenue Service . . . . .	.1545-1610		

**Paperwork Reduction Act Notice**

We ask for the information on this form to carry out the law as specified in ERISA and Code sections 6039D, 6047(e), 6057(b), and 6058(a). You are required to give us the information. We need it to determine whether the plan is operating according to the law.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books and records relating to a form or its instructions must be retained as long as their contents may become material in the administration of the Internal Revenue Code or are required to be maintained pursuant to Title I or IV of ERISA. Generally, the Form 5500 return/reports are open to public inspection. However, Schedules E, F, and SSA (Form 5500) are confidential, as required by Code section 6103.

The time needed to complete and file the forms listed below reflects the combined requirements of the Internal Revenue Service, Department of Labor, Pension Benefit Guaranty Corporation, and the Social Security Administration. These times will vary depending on individual circumstances. The estimated average times are:

	Pension Plans		Welfare Plans	
	Large	Small	Large	Small
Form 5500	1 hr., 44 min.	1 hr., 6 min.	1 hr., 38 min.	1 hr., 5 min.
Schedule A	1 hr., 41 min.	53 min.	8 hr., 10 min.	2 hr., 11 min.
Schedule B	6 hr., 38 min.	31 min.		
Schedule C	1 hr., 17 min.		52 min.	
Schedule D	10 hr.	10 hr.		
Schedule E	3 hr., 18 min.	3 hr., 18 min.		
Schedule F			45 min.	26 min.
Schedule G	11 hr., 58 min.		6 hr., 28 min.	
Schedule H	7 hr., 56 min.		3 hr., 22 min.	
Schedule I		1 hr., 28 min.		1 hr., 28 min.
Schedule P	13 min.	2 min.		
Schedule R	1 hr.	30 min.		
Schedule SSA	6 hr., 10 min.	1 hr., 42 min.		
Schedule T	4 hr., 40 min.	37 min.		

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send any of these forms or schedules to this address. Instead, see **Where To File** on page 5.

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